

Finance Committee Agenda

January 25-26, 1999

Boise State University
Boise, ID

<u>Item</u> <u>Page</u>	<u>Action</u>	<u>Description</u>	
1	COMMITTEE ACTION	Approval of November 19, 1998 Committee Minutes . .	2
2	BOARD ACTION	Institutional/Agency Routine Agenda Items	8
3	BOARD ACTION	Institutional/Agency Nonroutine Agenda Items	
	3.1	LCSC - 4.8.1 First Security Bank Loan.	9
	3.2	ISU - 4.10 Acquire & Dispose of Real Property for Building Construction Technology Program	10
	3.3	UI - 4.8.1 Agreement w/ WSU - Martin Stadium . . .	11
	3.4	UI - 4.8.2 Bonds-Recreation Center, Elmwood Apts, Student Recreation Center Fee increase, Authorization to proceed with Student Recreation Center	12
	3.5	UI - 5.1.1 Art & Architecture East Re-roof.. . . .	13
4	BOARD ACTION	Revised Intercollegiate Athletic Report	14
5	BOARD ACTION	First Reading of Policy Change: Section V Subsection U.2.c, Waiver of Nonresident Tuition– Disadvantaged or Deserving Students	36
6	BOARD ACTION	First Reading of Policy Change: Section V Subsection T.2.b.(4) , Allocation of the Lump Sum Appropriation - Methodology- Enrollment Workload Adjustment (EWA) Nonresident	42
7	BOARD ACTION	First Reading of Policy Change: Section V Subsection E.13, Gifts and Institutional Foundations - Foundation Land Transactions	47
8	BOARD DISCUSSION	Report on Year 2000 Computer Systems	54
INSTITUTIONS/AGENCIES AGENDAS			
		Boise State University	57
		Idaho State University	61
		University of Idaho	63
		Lewis-Clark State College	70
		Idaho School for the Deaf and the Blind	71

Finance Committee Agenda

January 25-26, 1999

Action Item

ITEM #1

SUBJECT:

Approval of Finance Committee Minutes

BACKGROUND:

The minutes from the November 19, 1998 Finance Committee meeting are attached.

DISCUSSION:

NA

FISCAL IMPACT:

NA

STAFF RECOMMENDATIONS:

Review, make necessary corrections, and approve minutes.

COMMITTEE ACTION:

A motion to approve the minutes of the Finance Committee Meeting, held November 19, 1998, at Boise State University.

Moved by_____, Seconded by_____, Carried, Yes___No___

BOARD ACTION:

No action required.

Finance Committee Agenda

January 25-26, 1999

ITEM 1.a.1

Unapproved Minutes State Board of Education Finance Committee November 19, 1998 Boise State University, Hatch D, Boise, Idaho

Present:

Jerry Hess, Chair	James Hottois, LCSC	Kevin Satterlee, OSBE
Curtis Eaton	Dean Froehlich, LCSC	Cindy Hall, OSBE
Carole McWilliam	Ken Harris, LCSC	Jeff Shinn, Gov Office
Keith Hasselquist, OSBE	Jerry Meyerhoeffer, CSI	Todd Bunderson, LSO
Harry E. Neel, Jr., BSU	Mike Mason, CSI	Ross Borden, LSO
Brent Winiger, BSU	Kirk Dennis, SDVE	Glen Store, Deloitte & Touche
Robert Pearce, ISU	Bill Robertson, EITC	Larry Bird, Deloitte & Touche
Leo Herrman, ISU	Nick Miller, Hawley, Troxell	Lou Henry, Deloitte & Touche
Robert Hoover, UI	Phillip Kottraba, IEPBS	Rochelle Hersley, Deloitte & Touche
Jerry Wallace, UI	Gene Peterson, ISDB	
Larry Branen, UI	Jerry Pelton, SDE	

The meeting was called to order at 3:07 p.m.

ITEM #1 **Approval of the October 1998 Finance Committee Minutes** (TIS1.7)

M/S/C (McWilliam/Hess): To approve the minutes of the Finance Committee Meeting, held October 22, 1998 at the Coeur d'Alene Inn as written.

ITEM #2 **Institutional/Agency Routine Agendas** (TIS1.1.1)

Mr. Hess asked Mr. Neel about BSU's long term facility planning. Mr. Neel stated he felt BSU's facility planning is appropriately established. Circumstances outside BSU's control have necessitated a change to the location of the Women's Soccer Facility.

M/S/C (McWilliam/Eaton): To recommend approval to the Board of the routine finance items listed on Item #2.

ITEM #3.1 **Nonroutine Action Item -Idaho State University** (TIS1.5.4) **Purchase of Best Western Weston Inn**

Mr. Hess questioned Mr. Pearce about the projected cash flow for the project, noting projected revenues increase at a higher rate than projected operating expenses and the project will not break even for about eight years. Mr. Pearce affirmed the projection is for revenues to increase at a higher rate than operating expenses. Mr. Pearce also stated that the objective of housing program

Finance Committee Agenda

January 25-26, 1999

November 19, 1998 Unapproved Finance Committee Minutes (cont.)

ITEM 1.a.2

is to provide affordable housing to students. Should a shortfall occur because of higher than expected operating expenses, the deficit would be handled by housing reserves. Historically ISU lets the positive cash flow from no debt or low debt housing projects (creating a reserve account) offset any negative cash flow for new projects.

Mr. Hess inquired about projected occupancy for the project. Mr. Pearce said occupancy is projected to be 100% in the new facility based on occupancy rates of similar student housing on campus.

M/S/C (McWilliam/Eaton): To recommend to the Board approval of the request from Idaho State University to purchase and renovate the Best Western Weston Inn.

ITEM #3.2 Nonroutine Action Item -Idaho State University (TIS1 9.5) Student Housing Revenue Note - 1999

Based on discussions at the October Finance Committee meeting, ISU sent proposals to all the financial institutions in Pocatello asking for proposals on tax exempt financing. Four institutions responded. First Security Bank's proposal conformed most to the request and also provided the lowest interest rate. When ISU secures financing in January, the index will be 5.04%. ISU is specifically waiting until January because it has already used its \$10M limit for 1998. The note carries a 15 year amortization with a 10 year guaranteed rate after which the interest rate will be reset based on a formula.

Mr. Eaton abstained from voting due to a conflict of interest.

M/S/C (McWilliam/Hess): To recommend to the Board approval of the request from Idaho State University to secure tax-exempt financing to acquire and remodel the Best Western Weston Inn, \$1,525,000.

ITEM #3.3 Nonroutine Action Item -Idaho State University (TIS1 12.6) Request to Increase Performing Arts Center Project Budget

Mr. Pearce described the project. Mr. Hess asked for clarification of how occupancy costs are added to the base. Mr. Pearce and Mr. Hasselquist explained that if the Board approves the project, ISU will request approval from the legislature. Although construction costs are privately funded, occupancy costs are state funded. The purpose of the request to the legislature is to increase the base by the occupancy costs.

Finance Committee Agenda

January 25-26, 1999

November 19, 1998 Unapproved Finance Committee Minutes (cont.)

ITEM 1.a.3

M/S/C (Eaton/McWilliam): To recommend to the Board approval of the request from Idaho State University to change the project budget for the L.E. & Thelma E. Stephens Performing Arts Center from \$12,000,000 to \$30,000,000 with the increase funded by the Idaho State University Foundation.

ITEM #3.4 Nonroutine Action Item -University of Idaho (TIS1 23.0) Purchase of Elmwood Apartments

Jerry Wallace reviewed the background information on the project as presented in the agenda item.

M/S/C (McWilliam/Eaton): To recommend to the Board approval of the request from University of Idaho to purchase the Elmwood Apartment Complex and to borrow an amount not to exceed the purchase price of the property.

ITEM #4 Annual Financial Audit by Deloitte & Touche (TIS1 26.0)

The committee received the FY1998 financial audit reports for University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College from Deloitte & Touche. Larry Bird, Glen Store, and Lou Henry from Deloitte & Touche gave a presentation and answered questions concerning the audits.

The audit opinions for all institutions were issued as unqualified reports with no material weaknesses of internal accounting control. Single Audit reports had no material instances of noncompliance or reportable conditions. BSU had one immaterial instance of noncompliance which has since been corrected. The Committee asked questions on specific findings for each institutions.

Audit services provided for FY98 are consistent with services provided in past years except BSU's Foundation and the Bronco Athletic Association contracted with Deloitte & Touche to conduct audits for FY98.

In addition to regular audit services for FY98, Deloitte & Touche conducted a review of the operations and procedures for financial accounting of the ISU/UI Higher Education Center in Idaho Falls for fiscal years 1994 through 1997, resulting in recommendations to the two institutions and the Board. It also issued a State Board Functions consulting project report in October 1997.

Mr. Hess asked that the institutions report to the Board to inform them on the progress toward Year 2000 (Y2K) systems modification. Mr. Hess has particular concern with placing fund balances in jeopardy if associated financial entities are not Y2K compliant. Mr. Hasselquist stated

Finance Committee Agenda

January 25-26, 1999

November 19, 1998 Unapproved Finance Committee Minutes (cont.)

ITEM 1.a.4

the institutions already report Y2K modification progress to the Information Technology Resource Management Council (ITRMC). The institutions will give the Committee a copy of that report as a starting point, enhancing the report as the Committee desires.

Mr. Eaton asked about the recent surge of capital projects funded by student fees. He asked if there is information available that shows that there is adequate revenue available to cover the debt. Mr. Bird responded that although indenture instruments vary somewhat on requirements, all require some auditor participation. Most require auditors to certify that during the course of the audit, the auditors read the covenants and sections related to events of default and state whether the auditors became aware of any events of default or areas of noncompliance. The auditors must make the trustee aware of any such items. The auditors must also certify that bond service coverage is at least 1.25%. There were no instances of noncompliance for the FY98 audits. Mr. Eaton asked for copies of the certificates. Deloitte & Touche will provide those copies.

At the Committee's request, on future Findings and Recommendation presentations, Deloitte & Touche will indicate how long a particular problem has been an issue.

ITEM #5 Intercollegiate Athletics Report (TIS1 91.4)

The Committee received the FY98 actual/FY99 estimated annual Intercollegiate Athletic Report. The Committee reviewed the report and asked the institutions to provide an updated report for the January Finance Committee meeting, showing estimated and actual costs for FY99 and how the institutions plan to make up any deficits.

Mr. Eaton asked Dr. Pearce how the recent changes to coaching staff would affect the numbers presented in the report. Dr. Pearce said the change would carry a cost of \$100,000 to \$150,000 due to overlapping contracts. That cost is not reflected in the report as presented. The approximate \$203,000 deficit shown in the report will increase to an approximate \$350,000 deficit.

Mr. Hess stated he believes the Committee should recommend to the Board a policy or resolution to compel the athletic programs to reach and maintain a break even point.

University of Idaho distributed a revised athletic report to the Committee showing a change from a projected deficit to a projected positive cash flow.

ITEM #6 Nonresident Tuition Recommendation (TIS1 108.4)

The presidents recommend no fee increase for nonresident tuition for the next year. The Committee expressed concern about nonresidents taking a seat in a class to the exclusion of a

Finance Committee Agenda

January 25-26, 1999

November 19, 1998 Unapproved Finance Committee Minutes (cont.)

ITEM 1.a.5

resident. The resulting discussion pointed out the difficulty in filling available seats in specific programs without putting too much pressure on general education course seat availability.

M/S/C (McWilliam/Eaton): To endorse the presidents' recommendations on nonresident tuition.

ITEM #7 Nonresident Tuition Waivers - Fiscal Impact (T1S21 10.3)

By consensus, the Committee deferred discussion of ITEM #7 to the full board

ITEM #8 Information Technology Education - Fiscal Impact

By consensus, the Committee deferred discussion of ITEM #8 to the full board.

ITEM #9 Permanent Building Fund Advisory Council Recommendations

The committee received a letter and spreadsheet showing the Permanent Building Fund Advisory Council's recommendation for the FY2000 capital projects budget.

The meeting adjourned at 5:10 p.m.

Finance Committee Agenda

January 25-26, 1999

Routine Action Item

ITEM #2

SUBJECT:

Institutional/Agency Routine Agendas

SUMMARY OF ROUTINE AGENDA ITEMS:

Boise State University

- 4.81 Horticulture Department Lease of Historical Society Property
- 5.11 Administration Building Parking Lot Modification
- 5.12 Science/Nursing Lab Remodel
- 5.13 PAAW Building Remodel
- 5.51 Purchase of Property at 1025 Denver
- 5.52 Purchase of Property at 1019 Grant

Idaho State University

- 8.1 ISU Foundation Audit FY1998
- 8.2 ISU Bengal Foundation Audit FY1998

University of Idaho

- 5.10.1 Lease of Space for Laboratory Anthropology

Idaho School for the Deaf and the Blind

- 4.9 Information Item - Audits and Financial Reports, Student Activity Funds

See Institutional/Agency agendas for the fiscal impact and additional information.

DISCUSSION:

Review routine agenda and move items to nonroutine agenda, if appropriate.

STAFF RECOMMENDATION:

Approve routine agenda.

COMMITTEE ACTION:

A motion to recommend to the Board the approval of the institutional/agency routine agendas.

Moved by_____, Seconded by_____, Carried, Yes___No___

BOARD ACTION:

A motion to approve the routine finance agenda items for Boise State University, Idaho State University, the University of Idaho, and the Idaho School for the Deaf and the Blind.

Moved by_____, Seconded by_____, Carried, Yes___No___

Finance Committee Agenda

January 25-26, 1999

Nonroutine Action Item

ITEM #3.1

Lewis-Clark State College

SUBJECT:

4.8.1 First Security Bank Loan. Board approval is requested to renew a revolving loan agreement with First Security Bank which would provide the institution with a financing mechanism for the purchase of real property, equipment and other capital expenditures.

BACKGROUND:

In August 1993 the institution entered into a 5-year revolving loan agreement, not to exceed \$2,000,000, with First Security Bank. The proposed agreement contains the same terms and conditions as the prior agreement with the exception of a two year term instead of five. The 1993 agreement expired in August 1998. All of the outstanding balances on the previous loan were either paid off or refinanced with a bond issue approved by the Board in March 1998.

DISCUSSION:

This two-year revolving loan agreement provides the institution with an efficient and predictable financing mechanism. Like the 1993 agreement, it is anticipated that the loan agreement will be used primarily for the purpose of acquiring property for the college, however, it may also be used for more short-term financing of equipment and other capital expenditures as the need arises. Each purchase for which the loan agreement will be used will be subject to Board policy and approval, if necessary, at the time of purchase.

FISCAL IMPACT:

There is no fiscal impact of the agreement. The loan agreement is simply a pre-approved financing mechanism. All purchases for which the agreement is used will follow Board policy including approval as appropriate.

STAFF RECOMMENDATIONS:

Approve the request.

COMMITTEE ACTION:

A motion to recommend to the Board approval of the request from Lewis-Clark State College to renew a revolving loan agreement with First Security Bank.

Moved by_____, Seconded by_____, Carried, Yes___No___

BOARD ACTION:

A motion to approve the request from Lewis-Clark State College to renew a revolving loan agreement with First Security Bank.

Moved by_____, Seconded by_____, Carried, Yes___No___

Finance Committee Agenda

January 25-26, 1999

Nonroutine Action Item

ITEM #3.2

Idaho State University

SUBJECT:

4.10 Authority to Acquire & Dispose of Real Property for Building Construction Technology Program.. Idaho State University requests authority to purchase, and/or receive by donation, residential building lots, for use in the School of Applied Technology (SAT) Building Technology Construction Program, to construct single-family dwellings on building lots for the purpose of training students of the Building Construction Technology Program, to sell properties upon completion, and to establish a local revolving account in the SAT, wherein the proceeds from any sale will be used to pay for lots, building materials, supplies and required contract services for current and subsequent projects. See ISU institutional agenda item 4.10 for more information.

BACKGROUND:

It is proposed that students in the second year of the Building Construction Technology Program be provided, as part of their training, the opportunity to participate in constructing a house literally from the ground up. In addition, the Electrical Technician students will benefit by participating in the electrical wiring phase of each building project and Civil Engineering Technology students will participate in the preliminary layout of footings, etc.

FISCAL IMPACT:

While there will be initial costs in purchasing and constructing each residence, it is anticipated that the costs will be recovered through the sale and that the program will be able to operate on an ongoing basis without the need for additional state resources.

STAFF RECOMMENDATIONS:

Approve the request.

COMMITTEE ACTION:

A motion to recommend to the Board approval of the request from Idaho State University as detailed in the Board motion.

Moved by_____, Seconded by_____, Carried, Yes___No___

BOARD ACTION:

A motion to approve the request from Idaho State University **1)** to purchase (at no more than appraised value), and/or receive by donation, residential building lots for use in the School of Applied Technology (SAT) Building Technology Construction Program; **2)** for authority to construct single-family dwellings on said building lots for the purpose of training students of the Building Construction Technology Program; **3)** for authority to sell said properties upon completion via sealed bids at not less than appraised value; and, **4)** for authority to establish a local revolving account in the SAT, wherein the proceeds from any sale will be used to pay for building materials, supplies and required contract services, as well as to continue the program by the purchase of additional properties and building materials, supplies and required contract services.

Moved by_____, Seconded by_____, Carried, Yes___No___

Finance Committee Agenda

January 25-26, 1999

Nonroutine Action Item

ITEM #3.3

University of Idaho

SUBJECT:

4.8.1 Agreement with Washington State University for Use of Martin Stadium. Request approval for the vice president of finance and administration to execute a license agreement with Washington State University for use of Martin Stadium. An executive summary of the license agreement appears at EXHIBIT A, a copy of the agreement, when finalized, will be on file at the SBOE office. See [UI institution agenda](#) item 4.8.1 for more information.

BACKGROUND:

The National Collegiate Athletic Association has established and upheld certain attendance and seating requirements as a condition of granting Division I-A football team status to the University. Those requirements cannot presently be met at the ASUI Kibbie Center. The proposed cooperative arrangement enables the University to comply with those requirements while longer-term strategies are being developed.

DISCUSSION:

The proposed agreement outlines the terms and conditions under which UI will play home football games at Martin Stadium and have supporting use of other specified WSU facilities for a period of five years beginning in Fall, 1999, with provision for termination by mutual agreement. The agreement reflects the proximity and mutually supportive relationship between the institutions and their respective communities and the history of other successful cooperative academic and programmatic endeavors

FISCAL IMPACT:

UI will pay WSU a negotiated fee per game for use of the stadium, and will reimburse WSU for operating expenses as provided in the agreement. All costs will be paid from athletic program revenues.

STAFF RECOMMENDATIONS:

Approve the request.

COMMITTEE ACTION:

A motion to recommend to the Board approval of the license agreement.

Moved by _____, Seconded by _____, Carried, Yes ___ No ___

BOARD ACTION:

A motion to approve the license agreement with Washington Sate University for use of Martin Stadium and authorization for the vice president of finance and administration to execute the agreement.

Moved by _____, Seconded by _____, Carried, Yes ___ No ___

Finance Committee Agenda

January 25-26, 1999

Nonroutine Action Item

ITEM #3.4

University of Idaho

SUBJECT:

4.8.2 Authorization for Issuance of Bonds to construct Recreation Center Project and to redeem 1998 Revenue Bond; Ratification of Increase in Student Recreation Center Fee and Authorization to Proceed with Student Recreation Center Project. See [UI institution agenda](#) item 4.8.2 for more information.

BACKGROUND:

The Recreation Center planning activities have been included in UI capital budgets since 1995, supported by student fees initiated in that year and continuing to the present. Acquisition of the Elmwood Apartments was approved by the Board in November 1998. Temporary financing was intended to be replaced with a longer term financing arrangement. The University incurs lower issuance costs by including this bond issue with the Recreation Center financing.

DISCUSSION:

The proposed Student Recreation Center will eliminate overcrowding in current student recreational facilities, provide "one-stop shopping" for student recreation needs, provide easy access to recreational opportunities for students, provide UI students with recreational opportunities comparable to other campuses. See UI institution agenda item 4.8.2 for more information.

FISCAL IMPACT:

See UI institution agenda item 4.8.2 for more information.

STAFF RECOMMENDATIONS:

Approve the request.

COMMITTEE ACTION:

A motion to recommend to the Board approval of the request from University of Idaho as detailed in the Board motion.

Moved by_____, Seconded by_____, Carried, Yes___No___

BOARD ACTION:

A motion finding the projects to be necessary for the proper operation of the institution and economically feasible, and to approve the Series 1999 Bond Resolution (Recreation Center Project); to approve the Series 1999A Bond Resolution (Elmwood); to ratify the Student Recreation Center Fee beginning fall 2001; and authorization to proceed with the Student Recreation Center Project.

Moved by_____, Seconded by_____, Carried, Yes___No___

Finance Committee Agenda

January 25-26, 1999

Nonroutine Action Item

ITEM #3.5

University of Idaho

SUBJECT:

5.1.1 Art & Architecture East Re-roof. Request approval to re-roof the Art & Architecture East building using available funds from the SBOE Project Contingency Reserve Account. Approval of this project includes approval to enter into contracts with architects, engineers and construction contractors as necessary to accomplish the project beginning this fiscal year.

BACKGROUND:

The University acquired this building in 1995 situated on property adjacent to the Sweet Avenue site and appropriate for protected ownership consistent with the Long Range Campus Development Plan. In fall 1998 the structure was renovated for instructional programs for the Department of Art. The eventual need to re-roof the building was noted at the time of acquisition; however the condition of the roof has deteriorated more rapidly than had been anticipated and threatens the recently completed interior improvements.

DISCUSSION:

The project will include re-roofing the south (gabled) portion of the building as a metal roof and developing a gable roof over the north half to match the south portion. Design will be completed during spring 1999 with the project scheduled to begin in May 1999. A Form B and Request for Emergency Funding from the SBOE Project Contingency Reserve has been forwarded to the Board Office.

FISCAL IMPACT:

Estimated cost of the project, including architectural/engineering fees, reimbursables and contingency, is \$155,000. Requested source of funds is SBOE Project Contingency Reserve.

STAFF RECOMMENDATIONS:

Review the process of using the Board's contingency account and provide guidelines for future use.

COMMITTEE ACTION:

Based on the decision of the committee on use of contingency funds, approve/disapprove the re-roofing project and approve/disapprove the use of contingency funds to support the project.

Moved by _____, Seconded by _____, Carried, Yes ___ No ___

BOARD ACTION:

A motion to approve/disapprove the request from University of Idaho to re-roof the Art & Architecture East building and to approve/disapprove the use of the Board's contingency fund for the project.

Moved by _____, Seconded by _____, Carried, Yes ___ No ___

Finance Committee Agenda

January 25-26, 1999

Action Item

ITEM #4

SUBJECT:

Revised Intercollegiate Athletic Report

BACKGROUND:

Board policy Section III.T.3. (Item 4.a) requires an annual financial report on Intercollegiate Athletics. Per this policy, a report detailing the FY98 actual revenue and expenditures and FY99 estimated revenue and expenditures was submitted at the November Board meeting for your review. Because of recent events affecting these budgets, the institutions were asked to update the FY99 budget. In addition, a history of revenue and expenditures was requested.

DISCUSSION:

The first report, [Item 4.b](#) (3 pages for BSU & ISU and 3 pages for UofI and LCSC) reflects the FY98 budgeted versus actual revenues and expenditures and the FY99 original budget versus current estimated budget. The second report, [Item 4.c](#) (similar format) reports actual revenue and expenditures for FY94 through FY98. The first page summarizes the revenue and expenditures, by category, and identifies the fund balance for each athletic program. In addition, the programs that project a negative fund balance for FY99 have submitted a plan to eliminate the deficit in the future, see [Item 4.d](#).

FISCAL IMPACT:

No fiscal impact

STAFF RECOMMENDATIONS:

Receive the reports. Attention should be focused on the various sources of revenue that support the programs.

COMMITTEE ACTION:

A motion to recommend to the Board to receive the Revised Intercollegiate Athletic Reports.

Moved by_____, seconded by_____, carried Yes_____ No_____.

BOARD ACTION:

A motion to receive the Revised Intercollegiate Athletic Reports.

Moved by_____, seconded by_____, carried Yes_____ No_____.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: III POSTSECONDARY AFFAIRS

SUBSECTION: T Intercollegiate Athletics

Item 4.a.1

Revised March 1998

Revised November 1995

Published April 1994

T. INTERCOLLEGIATE ATHLETICS

1. Philosophy.

The Board reaffirms the role of intercollegiate athletics as a legitimate and significant component of institutional activity. The responsibility for and control of institutional activities in this area rest with the Board.

In the area of intercollegiate athletics, the Board seeks to establish programs which:

- a. provide opportunities for student athletes to attend college and participate in athletic programs while pursuing and completing academic degrees;
- b. reflect accurately the priorities and academic character of its institutions; and
- c. serve the needs of the institutions as they seek, through their athletic programs, to establish fruitful and sustaining relationships with their constituencies throughout the state and nation.

Given these goals, the Board has a continuing concern and interest in the academic success of student athletes, the scope and level of competition, and the cost of athletic programs administered by its institutions. Consequently, the Board will, from time to time in the context of this policy statement, promulgate, as necessary, regulations governing the conduct of athletic programs at its institutions.

2. Policies.

The day-to-day conduct of athletic programs is vested in the institutions and in their chief executive officers. Decision-making at the institutional level must be consistent with the policies established by the Board and by those national organizations and conferences with which the institutions are associated. In the event that conflicts arise among the policies of these governance groups, it is the responsibility of the institution's chief executive officer to notify the Board in a timely manner. Likewise, any knowledge of NCAA or conference rule infractions involving an institution should be communicated by the athletic department to the chief executive officer of the institution. With respect to the use of state appropriated funds, it is the policy of the Board that:

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

Item 4.a.2

GOVERNING POLICIES AND PROCEDURES

Revised March 1998

SECTION: III POSTSECONDARY AFFAIRS

Revised November 1995

SUBSECTION: T Intercollegiate Athletics

Published April 1994

- a. **State appropriated funds be used exclusively for the compensation of salaried employees working directly with the institution's intercollegiate athletic program at Idaho State University, Boise State University, and the University of Idaho.**

Expenditures for all coaches in football at each of the three (3) universities will not exceed 5.0 full-time positions.

- b. **General education funds allocated to intercollegiate athletics by the institutions shall not exceed \$665,500 for the universities and \$247,500 for Lewis-Clark State College for Fiscal Year 1987. In subsequent years, the limits shall be computed by an adjustment for the rate of change in the general education funds allocated by the Board. Beginning in FY98, the limits for each institution may be raised by the amounts annually approved and budgeted for implementation of institutional gender equity plans.**

3. Financial Reporting.

The Board recognizes that the financing of intercollegiate athletics, while controlled at the institutional level, is ultimately the responsibility of the Board itself.

Consequently, the Board requires that the institutions adopt certain reporting requirements and common accounting practices in the area of intercollegiate athletic financing. Beginning April 1, 1983, the institutions will submit the following reports to the Board by January 15 of each year:

- a. **A statement of current funds, revenues, and expenditures, in the detail prescribed by the Board office, including all revenue earned during a fiscal year. A secondary breakdown of expenditures by sport and the number of participants will also be required. The number and amounts of nonresident tuition waivers and the fund balances as of June 30 of the report year should be included in the report. The general format of the report will be consistent with the format used in recent years. The following fiscal year's financial information will be reported by each institution:**

- (1) **Estimated revenues and expenditures for the current fiscal year.**
- (1) **Actual revenues and expenditures for the fiscal year most recently completed.**

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: III POSTSECONDARY AFFAIRS

SUBSECTION: T Intercollegiate Athletics

Item 4.a.3

Revised March 1998

Revised November 1995

Published April 1994

(3) Proposed operating budget for the next budget year beginning July 1. This report, however, will be submitted to the Board at its June meeting with other institutional operating budgets.

b. An annual report of estimated (for the current year) and actual (for the most recently completed year) revenues and expenditures of the institution's booster organization, requested for submission to the Board for information only.

c. A general narrative paper explaining each institution's policy on grants-in-aid for men and women athletes (including nonresident tuition waivers), procedures for charging or allocating costs for facilities' use to athletic programs, and any allocations of personnel or operating expenses to or from the other departments or units of the institution.

4. Student Athletes - Conduct.

a. Each public college and university shall have a written policy governing the conduct of student athletes. At a minimum, those policies shall include:

(1) A disclosure statement completed and signed by the student athlete prior to participation in any intercollegiate athletic endeavor, which shall include a description of (1) all prior criminal convictions, (2) all prior juvenile dispositions wherein the student was found to have committed an act that would constitute a misdemeanor or felony if committed by an adult, and (3) all pending criminal charges, including juvenile proceedings alleging any act which would constitute a misdemeanor or felony if committed by an adult.

(2) This statement will be kept in the office of the athletic director. Failure to accurately disclose all incidents may result in immediate suspension from the team.

b. Institutions shall not knowingly recruit any person as a player for an intercollegiate athletic team who has been convicted of a felony or, in the case of a juvenile, who has been found to have committed an act which would constitute a felony if committed by an adult. Exemptions to this restriction shall be granted only by the President of the college or university upon recommendation of the athletic director and faculty athletics representative. Such decisions shall be reported in writing to the Executive Director of the State Board of Education at the time the exception is granted.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

Item 4.a.4

GOVERNING POLICIES AND PROCEDURES

Revised March 1998

SECTION: III POSTSECONDARY AFFAIRS

Revised November 1995

SUBSECTION: T Intercollegiate Athletics

Published April 1994

- c. A student athlete convicted of a felony after enrollment, including a plea of nolo contendere on a felony charge, shall be removed from the team and shall not be allowed to participate again in intercollegiate athletics at any Idaho public college or university. Further, an institution may cancel any athletic financial aid received by a student who is convicted of a felony while the student is receiving athletic financial aid subject to NCAA regulations and the institutions' applicable student judicial procedure. Nothing herein shall be construed to limit an institution from exercising disciplinary actions or from implementing student athletic policies or rules that go beyond the minimum requirements stated herein.
- d. Subject to applicable law, all institutions shall implement a drug education and testing program and shall require all intercollegiate student athletes to give written consent to drug testing as a condition of the privilege of participating in intercollegiate athletics.
- e. Institutions shall require their athletic coaches to hold an annual team meeting with their respective teams at the beginning of each season. The coaches shall be required to verbally review the team rules with team members at the meeting. Attendance at this meeting shall be mandatory. Each team member shall receive a written copy of the team rules and sign a statement acknowledging receipt of the rules and attendance at the meeting where the rules were verbally reviewed.
- f. **Reporting Requirements.**
 - (1) Student athletes shall immediately report any criminal charges to their head coach and to the athletic director. Coaches shall be obligated to inform the athletic director of any knowledge of charges against their athletes. The athletic director shall report the same to the chief student affairs officer and to the institutional president, who shall report the same in writing to the Executive Director of the State Board of Education as soon as possible, but not later than 10 working days after learning of the charges. The report to the Executive Director shall include a description of the alleged violation of law and the institution's proposed action, if any.
 - (2) Coaches shall immediately report the conviction of any student athlete to the athletic director and the institutional president, who shall report the conviction in writing to the Executive Director of the State Board of Education as soon as possible, but

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

Item 4.a.5

GOVERNING POLICIES AND PROCEDURES

Revised March 1998

SECTION: III POSTSECONDARY AFFAIRS

Revised November 1995

SUBSECTION: T Intercollegiate Athletics

Published April 1994

not later than 10 working days after the conviction. This report shall include a description of the violation of law and the institution's proposed action, if any.

g. Review Clause.

- (1) This policy shall be reviewed by the Board one year from the time that it goes into effect (effective date - November 16, 1995).**

Finance Committee Agenda
January 25-26, 1999

Item 4.d.1

Idaho State University Athletics
Five-Year Budget Plan

For the current fiscal year (FY99), Idaho State University originally projected a deficit in intercollegiate athletics of \$203,879. This included a one-time commitment of \$95,245 for gender equity and an ongoing contribution of \$54,000 from institutional funds under the category of other income. The revised FY99 athletic budget includes \$140,686 resulting from personnel changes in the department (athletic director and football). There are numerous other revisions resulting from improved information and the inclusion of athletic camp and trade-out revenue and expenses. The revised FY99 budget is balanced, however, other institutional support has been increased from \$149,245 to \$580,486. An increase of \$431,241.

The projected FY2000 athletic budget, using constant FY99 dollars, requires increasing the ongoing other funds institutional contribution from \$54,000 to \$311,920 to provide a balanced budget. It is anticipated that other funds institutional support of this relative level, approximately 6.3% of the total athletic expenditures, will be required over the next five years. This is in addition to the previously reported incremental increases in student fees and appropriated funds allocations to support gender equity in athletics. Expenditures have been closely monitored for several years and leave little room for savings with the current number and mix of sports. Long-term, there is the potential for additional income from ticket sales and contributions. This will largely depend on the success of football and men's basketball. No additional athletic department generated funds are included in this projection.

Finance Committee Agenda

January 25-26, 1999

Click here for University of Idaho's Intercollegiate Athletic deficit elimination plan,
[Item 4.d.2 - 4.d.3](#)

Finance Committee Agenda

January 25-26, 1999

Item 4.d.4

Lewis-Clark State College Athletic Deficit Reduction Plan January 1999

The deficit in the athletic auxiliary at the end of fiscal year 1998 was \$38,839. We initially made plans to reduce the deficit in fiscal 1999 by \$10,000. Because of association and conference changes, we now plan to reduce the deficit by \$1,000 (see the FY99 revised budget).

The institution plans to eliminate the deficit with surplus funds to be generated from the NAIA national baseball championship series. Lewis-Clark State College has been awarded a contract to hold the championship series for the NAIA beginning in 2000. The contract extends to 2002 with option years through 2006. As part of the championship business plan, LCSC has included a reinvestment piece to support our intercollegiate athletic program. As such, \$12,000 to \$15,000 will be generated from the series and will be used to reduce the athletic deficit. Under this plan, the deficit will be eliminated by the end of fiscal 2001.

Finance Committee Agenda

January 25-26, 1999

Action Item

ITEM #5

SUBJECT:

First Reading of Policy Change: Section V Subsection U.2.c, Waiver of Nonresident Tuition– Disadvantaged or Deserving Students

BACKGROUND:

During the November Board, the Board directed the staff to begin the process of increasing the number of nonresident tuition waivers in an attempt to increase enrollment in programs that currently have capacity (i.e., engineering). The Presidents' Council recommended a change in the Board's Fee Waiver policy (Item 5.a) to increase the number of nonresident tuition waivers for disadvantaged or deserving students from one percent of the institution's full-time equivalent enrollment to three percent of the institution's full-time equivalent enrollment. It was also recommended that students receiving waivers would be targeted for information technology programs, engineering and other programs with capacity. The process begins with this first reading of policy change.

DISCUSSION:

If approved, the presidents were asked to provide a progress report annually, identifying both the positive and negative implications. The first report will be on the November 1999 agenda.

FISCAL IMPACT:

Item 5.b reports the fall Full-Time Equivalent (FTE) enrollment. Item 5.c displays the maximum fiscal impact of increasing the number of waivers allowed under this policy from 322 to 966 or an increase of 644 waivers. The current value of the proposed waivers would be \$3,830,477. However, that amount assumes the student would enroll and pay the nonresident tuition if he/she did not receive the waiver, which is unlikely.

STAFF RECOMMENDATIONS:

COMMITTEE ACTION:

A motion to recommend to the Board to approve for first reading a change in Board policy increasing the number of nonresident tuition waivers as detailed in Item 5.a.

Moved by_____, seconded by_____, carried Yes_____ No_____.

BOARD ACTION:

A motion to approve for first reading a change in Board policy to increase nonresident tuition waivers for disadvantaged or deserving students from one percent to three percent of the institution's full-time equivalent enrollment.

Moved by_____, seconded by_____, carried Yes_____ No_____.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 5.a.1

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

Revised June 1998

SUBSECTION: U Fee Waivers

Published April 1994

U. FEE WAIVERS

1. Authority for Fee Waivers.

An institution shall not waive any of the applicable fees specified in Section V, Subsection R, unless specifically authorized in this subsection. Special fees are not defined as a fee waiver.

2. Waiver of Nonresident Tuition.

Nonresident tuition may be waived for the following categories:

a. Graduate/Instructional Assistants.

Waivers are authorized for graduate assistants appointed pursuant to Section III, Subsection P.11.c.

b. Intercollegiate Athletics.

For the purpose of improving competitiveness in intercollegiate athletics, the universities are authorized up to 225 waivers per semester and, Lewis-Clark State College is authorized up to 70 waivers per semester. The institutions are authorized to grant additional waivers, not to exceed ten percent (10%) of the above waivers, to be used exclusively for post-eligibility students.

c. Disadvantaged or Deserving Students.

The chief executive officer of each higher education institution is authorized to waive nonresident tuition for disadvantaged or deserving students not to exceed one three percent of the institution's full-time equivalent enrollment.

d. Reciprocity with the State of Washington.

Based on a limit approved by the Board, waivers may be allocated on an annual basis by the executive director of the Board to the college and universities in postsecondary education programs for Washington residents. An equal number of opportunities shall be afforded to Idaho residents in Washington postsecondary institutions.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 5.a.2

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

Revised June 1998

SUBSECTION: U Fee Waivers

Published April 1994

e. Reciprocity with Utah State University.

Based on a limit approved by the Board, Idaho State University is authorized to waive nonresident tuition for residents of the State of Utah when an equal amount of waivers are made available to Idaho residents at Utah State University.

f. College of Mines.

Based on a limit approved by the Board, the College of Mines at the University of Idaho is authorized waivers to encourage enrollment in mining, metallurgy, and geology.

g. Reciprocity with the State of Oregon.

Based on a limit approved by the Board, waivers are authorized for undergraduate students who are residents of the State of Oregon and who are majoring in mining engineering, metallurgical engineering, or geological engineering at the University of Idaho. The number of waivers to be awarded annually shall be limited by the number of waivers provided to Idaho residents in Oregon institutions of higher education.

h. Domestic Student Exchange Program.

Waivers are authorized for nonresident students participating in this program.

i. Western Interstate Commission for Higher Education

Waivers are authorized for nonresident students participating in the WICHE Professional Student Exchange Program and the Graduate Student Exchange Program.

3. Reporting Requirements.

Each institution shall submit an annual report on fee waivers on a date and in a format determined by the executive director of the Board.

Finance Committee Agenda

January 25-26, 1999

Action Item

ITEM #6

SUBJECT:

First Reading of Policy Change: Section V Subsection T.2.b.(4) , Allocation of the Lump Sum Appropriation - Methodology- Enrollment Workload Adjustment (EWA)

BACKGROUND:

During the November 1998 meeting, the Board discussed means of providing incentives to the institutions to increase student enrollment for information technology personnel. The proposed policy change (Item 6.a) would increase the reimbursement the institutions receive for students enrolled in Computer & Information Sciences by increasing the weights to Level IV for credit hours taken. The Board approved the concept so this is the first step in changing the policy.

DISCUSSION:

The proposed change would affect a specific standard of instructional program (CIP) code - CIP code 11 – Computer & Information Sciences. Additional information technology programs exist at the 6-digit CIP level however, this policy change affects only CIP code 11. Some of these 6-digit codes are already at Level IV.

FISCAL IMPACT:

The EWA reimburses the institutions for increased enrollment based on a three-year moving average. The calculation is made on year-end credit hours by CIP codes. Board policy weights the actual credit hours to create weighted credit hours which are used in the three-year moving average calculation. The EWA uses the two-digit CIP codes. CIP code 11 - Computer and Information Sciences - ties directly to technology. Currently, CIP 11 is weighted as Group II for BSU, ISU, and LCSC and Group III for UI. If that weight changes to Group IV for all institutions, the reimbursement, on average, would approximately double from \$1,645 per FTE to \$3,314 per FTE.

STAFF RECOMMENDATIONS:

COMMITTEE ACTION:

A motion to recommend to the Board to approve for first reading a change in Board policy changing the weights for credit hours generated in CIP Code 11 as presented in Item 6.a.

Moved by_____, seconded by_____, carried Yes_____ No_____.

BOARD ACTION:

A motion to approve for first reading a change in Board policy changing the weights for credit hours generated in CIP Code 11 as presented in Item 6.a.

Moved by_____, seconded by_____, carried Yes_____ No_____.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 6.a.1

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: T Allocation of the Lump Sum Appropriation

Published April 1994

T. ALLOCATION OF THE LUMP SUM APPROPRIATION

1. Objectives

- a. The funding process should offer maximum institutional flexibility to allocate funds internally to carry out roles and missions established by the Board.
- b. The funding process should be a straightforward approach which can be used by the Board to express system-wide priorities.
- c. There should be a clear and understandable relationship between institutional needs, the system-wide funding request, the legislative appropriations, the allocation of funds, and the ultimate use of the funds.
- d. The funding process should not penalize institutions as the result of decisions related to the internal allocation of resources by other institutions.
- e. Any incentives that the Board uses in the funding process should be explicit.
- f. The funding process should be applied consistently from year-to-year so that there can be some level of predictability in the allocation as well as increased confidence in the outcome.
- g. The funding process should encourage cooperative programs among institutions.
- h. The funding process should be compatible with the Statewide Plan for Higher Education.

2. Methodology

The allocation shall consist of the total of the lump sum general account appropriation and actual land grant endowment receipts. The allocation shall be made in the following order:

- a. Each institution shall be allocated its base allocation of the prior year.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 6.a.2

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: T Allocation of the Lump Sum Appropriation

Published April 1994

b. An enrollment Workload Adjustment shall be applied to the allocation of each institution. The adjustment shall be calculated as follows:

- (1) A three-year moving average of credit hours multiplied by the program weights shall be used. The three (3) years to be used shall be those which precede the year of the allocation and shall consist of two (2) years of actual and one (1) year of estimated credit hours.
- (2) Effective with the FY 1990 allocation, credit hours generated from externally funded sources and contracts shall be removed from this adjustment. Credit hours for in-service teacher education shall not be removed.
- (3) The total budget base of the institutions shall be multiplied by 0.33 and divided by the three-year moving average of total weighted credit hours for the prior year. The resultant amount per credit hour shall be multiplied by the change from the prior three-year moving average of weighted credit hours for each institution to calculate the adjustment by institution.
- (4) Program weights are the weighting factors applied to four (4) categories of instructional disciplines with different weight factors by category and course level. The groups and factors follow.

Group I

Physical Education
Law
Letters
Library Sciences
Mathematics
Military Science
Psychology
Social Sciences

Group II

Area Studies
Business & Management
Information Sciences
Education
Communications
Home Economics
Public Affairs
Interdisciplinary Studies

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 6.a.3

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: T Allocation of the Lump Sum Appropriation

Published April 1994

Group III

Agricultural & Natural Resources
Architecture & Environmental Design
Biological Sciences
Computer Sciences
Fine & Applied Arts
Foreign Languages
Physical Sciences

Group IV

Engineering
Health Professions
Computer & Information Sciences

The weighting factors for the above categories are as follows:

<u>Course Level</u>	<u>Category</u>			
	I	II	III	IV
Lower Division	1.00	1.30	1.60	3.00
Upper Division	1.50	1.90	2.50	3.50
Graduate	3.50	3.50	6.00	6.50
Law	2.60	--	--	--

An additional 5% emphasis factor is given to the Primary Emphasis areas at each institution. These areas are:

Boise State University

Business
Social Science (includes Economics)
Public Affairs
Performing Arts (excluding Art)
Interdisciplinary Studies

Idaho State University

Health Professions
Biological Sciences
Physical Sciences

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 6.a.4

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: T Allocation of the Lump Sum Appropriation

Published April 1994

University of Idaho

Agriculture

Forestry

Mines

Engineering

Architecture

Law

Foreign Languages

Lewis-Clark State College

Interdisciplinary Studies

- c. Operations and maintenance funds (custodial, maintenance, and utilities) for new, major general education capital improvement projects shall be allocated to affect institutions.
- d. Decision units above the base shall be consistent with the legislative budget request. The allocation of these decision units to the institutions shall be based on the proportionate share of each institution in the total budget request for these decision units applied to the increase in appropriations above the base excluding special allocations.
- e. The Board may also allocate funds for special activities or projects at the discretion of the Board.

Finance Committee Agenda

January 25-26, 1999

Action Item

ITEM #7

SUBJECT:

First Reading of Policy Change: Section V Subsection E.13, Gifts and Institutional Foundations - Foundation Land Transactions

BACKGROUND:

Board Policy V.E. "Gifts and Institutional Foundations" contains the Board policy on foundations. Section V.E.1. "Acceptance of Gifts" states "The Board may accept gifts, legacies, and devises (hereinafter "gifts") of real and personal property to the State of Idaho for the benefit of any agency or institution under its governance. Gifts worth more that \$10,000 must be accepted by the Board before the gift may be expended or otherwise used by the agency or institution." Section V.E.3. "Definition of Foundations" defines foundations as "separate, legal entities, ... established for the purpose of receiving , holding, and/or using funds from the private sector for charitable, scientific, cultural, educational, athletic, or related endeavors that support, enrich, and improve the institution." Section V.E.10 states "When foundation-controlled resources are used to build or acquire facilities for the institution's use, these facilities shall be related to the needs and purposes of that institution." If general account funds will be used in the construction, operation, or maintenance of such facilities, prior Board and legislative approval is required.

DISCUSSION:

The Board acknowledges and appreciates the support provided by the foundations for the institutions. This supplemental activity enriches the activities and programs at the institutions. However, at times the Board is not informed of some of these plans until the gift or land is presented to the Board for acceptance. To ensure the Board is aware of activity planned by the institutions and foundation, the policy addition is proposed. See Item 7.a.

FISCAL IMPACT:

None

STAFF RECOMMENDATIONS:

Approve the policy change.

COMMITTEE ACTION:

A motion to recommend to the Board to approve for first reading a change in Board policy requiring institutional presidents to report to the Board potential land acquisition plans of the institutions foundation.

Moved by_____, seconded by_____, carried Yes_____ No_____.

BOARD ACTION:

A motion to approve for first reading a change in Board policy requiring institutional presidents to report to the Board potential land acquisition plans of the institutions foundation.

Moved by_____, seconded by_____, carried Yes_____ No_____.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 7.a.1

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: E Gifts and Institutional Foundations

Published April 1994

E. GIFTS AND INSTITUTIONAL FOUNDATIONS

1. Acceptance of Gifts.

The Board may accept gifts, legacies, and devises (hereinafter "gifts") of real and personal property to the State of Idaho for the benefit of any agency or institution under its governance. Gifts worth more than \$10,000 must be accepted by the Board before the gift may be expended or otherwise used by the agency or institution. The chief executive officer of any agency or institution is authorized to receive, on behalf of the Board, gifts worth \$10,000 or less and of a routine nature. (Section 33-3714, Idaho Code.)

2. Institutional Foundations.

- a. Private support for public higher education is an accepted and firmly established practice throughout the United States. Tax-exempt foundations are one means of providing this valuable support to help public colleges and universities raise money through contributions.
- b. The State Board of Education/Board of Regents of the University of Idaho, hereinafter referred to as the Board, recognizes that foundations:
 - (1) provide an opportunity for private individuals and organizations to contribute to college and university programs with the assurance that the benefits of their gifts supplement, not supplant, state appropriations to the institutions;
 - (2) provide assurance to donors that their contributions will be distributed and utilized for specified purposes; and
 - (3) create an effective forum for alumni and community leaders to help strengthen the colleges and universities through participation in the solicitation, management, and distribution of private gifts to these institutions.
- c. The Board, aware of the value of tax exempt foundation to the well-being of our colleges and universities, adopts this policy with the following objectives:
 - (1) To preserve and encourage the operation of foundations associated with public colleges and universities in Idaho, and

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 7.a.2

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: E Gifts and Institutional Foundations

Published April 1994

- (2) To ensure that foundations associated with Idaho public colleges and universities conduct their business in a responsible fashion, fulfilling their obligation to contributors, to those who benefit from their programs, and to the general public.

3. Definition of Foundations.

Foundations are separate, legal entities, tax-exempt under Section 501(c) of the Internal Revenue Code of 1986, as amended, associated with a public college or university and established for the purpose of receiving, holding, and/or using funds from the private sector for charitable, scientific, cultural, educational, athletic, or related endeavors that support, enrich, and improve the institution. The institutions shall develop agreements, subject to Board approval, which define the relationship between the institutions and their related foundations. Technology transfer organizations, including the Idaho Research Foundation, are not subject to this policy.

4. Accountability.

- a. The Board does not have direct control over such foundations. The Board does, however, have the responsibility to ensure that the institutions under its governance act responsibly and are accountable to the public and to the legislature. The Board also has the responsibility to protect the good names of the colleges and universities and ensure that activities conducted in their names are proper.
- b. The institutions may provide limited and reasonable support to such foundations, including but not limited to the cost of utilities, maintenance, and janitorial services, and all or part of the salary and related personnel costs of staff support, provided such support is authorized in the agreement referred to in Topic 3 above.
- c. The institutions shall ensure that foundations provide adequate insurance to cover their operations and the activities of their directors, officers, and employees. Foundations shall not operate on state property or on any property under the control of the Board unless liability insurance coverage in amounts of not less than statutorily prescribed minimums is in effect.

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 7.a.3

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: E Gifts and Institutional Foundations

Published April 1994

5. Conflict of Interest.

Board members, administrative officers and officials and all other employees of the institutions and agencies are subject to the Board's conflict-of-interest policy as stated in Section I, Subsection G, of the Board's Governing Policies and Procedures and any other applicable laws or regulations.

6. Financial and Auditing Procedures.

Agreements between the institutions and their foundations shall include the following provisions:

- a. The foundations shall maintain financial and accounting records in accordance with generally accepted accounting principles.
- b. The foundations shall be audited annually by a qualified firm of independent certified public accountants. The audit shall be conducted in accordance with generally accepted auditing standards. Copies of these audit reports shall be distributed to the presidents of the institutions and the Board.
- c. The audit reports shall contain the foundations' financial statements and the auditor's independent opinion regarding these financial statements. Donor anonymity shall be protected to the extent allowable by law.
- d. The foundations shall permit the institutions and the Board to inspect and audit foundation books and records at reasonable times in order to ensure compliance with applicable laws, regulations, and policies.

7. Transfers from Foundations to Institutions.

- a. A formal procedure shall be established for institutions to accept gifts and donations transferred from the foundations. The institutions are not obligated to accept any gifts or donations from the foundations that are not consistent with the institutions' identified purposes and Board policies. In addition, the institutions shall not accept gifts or donations from the foundations if restrictive terms and conditions exist which do not comply with Board and institutional policies.
- b. A procedure shall be established to authorize transfers from the foundations to the institutions. All foundation transfers to the

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 7.a.4

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: E Gifts and Institutional Foundations

Published April 1994

institutions shall be documented and reported annually to the presidents of the institutions and the Board. Where restrictions apply to transfers, the foundations shall be certain that the institutions have access to any relevant documentation concerning donor intent.

- c. Transfers of real property from the foundations to the institutions are subject to all approvals required by Board rules and policies for acceptance of gifts or real estate.**

8. Institutional Employees.

Salaries, loans, perquisites, or other benefits provided to or on behalf of an institutional employee by foundations shall be:

- a. Approved by the Board.**
- b. Paid by the foundations to the institutions, which in turn will make payments to the employee in accordance with normal practices, except where the Board approves a different form of payment.**
- c. All payments made from the foundations to institutional employees shall be paid through the institutions. Employees shall not receive any payments or other benefits directly from the foundations or athletic associations. This provision shall include reimbursements for expenses incurred for authorized institution and foundation purposes.**

9. Foundation Employees.

Employees hired by the foundations in positions solely funded by the same are not entitled to state employment rights and benefits. These appointments are not subject to Board approval.

10. Capital Facilities.

- a. When foundation-controlled resources are used to build or acquire facilities for the institution's use, these facilities shall be related to the needs and purposes of that institution. In addition, where state general account appropriated funds will be used in the construction, operation,**

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 7.a.5

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: E Gifts and Institutional Foundations

Published April 1994

or maintenance of such facilities, prior Board and legislative approval shall be obtained pursuant to Section 33-3805A, Idaho Code.

- b. Planning, design, and construction of such facilities shall be in accordance with all applicable building codes and state and federal laws. Plan review coupled with adequate communication shall be conducted in cooperation with appropriate agencies as required.

11. Foundations for Other Agencies.

Other agencies under the Board's jurisdiction may establish foundations to accept gifts made for the benefit of the agencies' operating purposes. These agencies are subject to the same policies as the institutional foundations. However, agency foundations with annual revenues less than \$25,000 are not required to obtain an independent audit. These agencies must instead submit an annual report to the Board of gifts received and the disposition of such gifts.

12. Idaho Educational Public Broadcasting System Foundations and Friends Groups.

Foundations and Friends groups that exist for the benefit of the Idaho Educational Public Broadcasting System (IEPBS) are required by Federal Communications Commission (FCC) regulations to have specific spending authority designated by the Board. Audits of the IEPBS Foundation and Friends groups will be conducted by the Legislative Auditor.

- a. By action of the State Board of Education, the Idaho Educational Public Broadcasting System Foundation, Inc., has been designated to accept gifts made for the benefit of public television in the State of Idaho. The Foundation will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- b. By action of the State Board of Education, the Friends of Channel 4, Inc., has been designated to accept gifts made for the Benefit of KAID TV, Channel 4. The Friends of Channel 4, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- c. By action of the State Board of Education, the Friends of Channel 10, Inc., has been designated to accept gifts made for the benefit of

Finance Committee Agenda

January 25-26, 1999

Idaho State Board of Education

First Reading January 1999

Item 7.a.6

GOVERNING POLICIES AND PROCEDURES

SECTION: V FINANCIAL AFFAIRS

SUBSECTION: E Gifts and Institutional Foundations

Published April 1994

KISU TV, Channel 10. The Friends of Channel 10, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.

- d. By action of the State Board of Education, the Friends of KUID, Inc., has been designated to accept gifts made for the benefit of KUID TV, Channel 12. The Friends of Channel 12, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.

13. Foundation Land Transactions

- a. When an institution president becomes aware that a foundation is considering the purchase of land for the eventual or possible future use by, donation to, or development for the benefit of the institution, the president shall report such possible land acquisition to the Board in executive session pursuant to Idaho Code 67-2345 (1)(b).
- b. Such reporting shall be at the first Board meeting following the president becoming aware of the possible land transaction.

Finance Committee Agenda

January 25-26, 1999

Discussion Item

ITEM #8

SUBJECT:

Report on Year 2000 Computer Systems

BACKGROUND:

During the Deloitte and Touche Audit report at the November 1998 meeting, the institutions were asked to provide a report on their activity in being prepared for the potential computer problems when time reaches January 1, 2000. Since most of the computer systems were developed with a 2-digit year field, problems could arise as we reach January 1, 2000.

DISCUSSION:

To start this process, Information Technology Resource Management Council (ITRMC) has been working with the institutions on identifying what they are doing to be “prepared.” [Item #8.a](#) contains that report.

FISCAL IMPACT:

STAFF RECOMMENDATIONS:

After reviewing the material, seek additional information from the institutions as appropriate to understand what the institutions are doing to be prepared.

COMMITTEE ACTION:

If the committee seeks additional information, develop a motion to request the information.

BOARD ACTION:

4.0 Finance Committee

4.8 Contracts for Services/Agreements/Authorizations

4.81 Horticulture Department Lease of Historic Society Property

Subject: The Boise State University Horticulture Department proposes leasing three facilities/areas located at the Old Penitentiary site in Boise. The property is owned by the State Historical Society.

Background: The Horticulture Department has been operating at a location off the main Boise State University campus near the Boas Tennis Center (tennis bubbles) on Oakland Avenue in Boise. We believe that this area would be best utilized for another athletic use, i.e. women's soccer facility. The site is too small to expand the instructional content of the program into other areas, such as turf management, arboretums, etc. In addition, the ground around the existing facility is problematic in that it has too little topsoil and poor growing potential. The Horticulture Department has been negotiating with representatives from the State Historical Society for use of the guardhouse, the dairy and horse barns and approximately 40 acres of open fields.

Discussion: The Horticulture Department wishes to enter into three leases with the State Historical Society. The first would be for the rental of the guardhouse. This facility would be utilized for a period of between five and ten years for classroom, office and laboratory space. The second lease would cover the dairy and horse barns and the surrounding property for use as greenhouse space. The Horticulture Department needs a longer lease for this property as its plans are for long term use. At some point in the future, the plan is to remodel the interior of the barns so that they may be used for classroom, office and laboratory space. The greenhouses would be constructed this year on the site and have been previously budgeted. The third lease would cover an approximately 40 acre parcel located nearest Warm Springs Boulevard. This parcel would be used as a growing field for class and research uses. Due to the nature of some of the proposed plantings, this would also need to be a long-term lease. The leases would have to be processed through the Division of Public Works.

Fiscal Impact: The State Historical Society Board has not, as of the time of the printing of this agenda, approved the annual lease payment for each of the three leases. What has been proposed to date is that the first lease would be let at a cost of \$16,000 annually. The second lease for \$9,500 annually and the third for \$100 an acre annually, or approximately \$4,000. The greenhouses have been previously budgeted and would be built regardless of the move.

5.0 PHYSICAL PLANT

5.1 Approval of Projects and/or Architects

5.11 Administration Building Parking Lot Modification

SUBJECT: Boise State University requests permission to modify the existing Administration Building parking lot.

Background: Boise State University has developed a comprehensive policy plan as part of its Framework Master Plan. One of the identified goals is to provide a central visitor parking area. This project is intended to implement the adopted goals and policies developed over the past three years.

Discussion: Located between Crisway Drive and Joyce Street on the north side of University Drive, the Administration Building parking lot requires modification to accommodate visitor parking. The project includes curbing and bumper block modifications, power gates and attendant booths.

Fiscal Impact: Estimated budget has been established as follows:

Construction	\$128,000
Contingency	10,000
A & E Fees	<u>10,000</u>
TOTAL	\$148,000

Boise State University will be seeking delegation authority for this project for Division of Public Works.

5.12 Science/Nursing Lab Remodel

Subject: Boise State University requests approval to remodel Room 216 in the Science/Nursing Lab.

Background: The University's shift in emphasis toward research for faculty and graduate students has brought about a need for additional research lab space.

Discussion: This project will remodel an existing classroom lab and adjacent research lab into four research labs for Biology Faculty. The project will include electrical and HVAC upgrades as well as a new fume hood and lab casework for each lab space.

Fiscal Impact: The estimated budget has been established as follows, with Institutional Funds as the source:

A/E Fees	\$ 15,000
Construction	110,000
Other - Contingencies	<u>15,000</u>
TOTAL	\$140,000

5.13 PAAW Building Remodel

Subject: Boise State University requests approval to remodel the PAAW building.

Background: An overall increase in student enrollment in the fine arts program has brought about the need for additional painting studio space. The remodel of the gallery space to accommodate a larger painting studio for undergraduates will allow the current painting studio to be utilized by graduate students.

Discussion: This project will convert existing gallery space within the PAAW Building to a painting studio for the Fine Arts Program. The project scope will include a building electrical upgrade and new lighting and HVAC systems within the new studio space.

Fiscal Impact: The estimated budget has been established as follows, with Institutional Funds as the source:

A/E Fees	\$ 11,500
Construction	131,500
Contingency	<u>7,000</u>
TOTAL	\$150,000

5.5 Purchase or Sale of Land and Facilities

5.51 Purchase of Property at 1025 Denver

Subject: Boise State University requests approval to purchase property located at 1025 Denver.

Background: Consistent with Boise State University's Campus Master Plan, this property is located in Boise State University's future expansion area, falls within our strategic planning goals, and meets the criteria for purchase acquisition.

Discussion: This property will be used to meet short term student and event parking requirements.

Fiscal Impact: Property is a single family residence, currently listed for sale at \$67,500. Request authority to purchase at appraised value or not to exceed \$70,400.

5.52 Purchase of Property at 1019 Grant

Subject: Boise State University requests approval to purchase property located at 1019 Grant.

Background: Consistent with Boise State University's Campus Master Plan, this property is designated for the Continuing Education Learning Outreach and, in accordance with strategic planning goals, meets the criteria for purchase acquisition.

Discussion: The acquisition of this property will permit the first phase of the Continuing Education project to be constructed.

Fiscal Impact: Property is a single family residence. Request authority to purchase at appraised value or not to exceed \$69,000.

ISU FINANCE COMMITTEE AGENDA

4.0 Financial Management

4.10 Authority to Acquire & Dispose of Real Property for Building Construction Technology Program

Subject:

Idaho State University requests authority to locate, purchase (at no more than appraised value), and/or receive by donation, residential building lots for use in the School of Applied Technology (SAT) Building Technology Construction Program; the authority to construct single-family dwellings on said building lots for the purpose of training students of the Building Construction Technology Program; authority to sell said properties upon completion via sealed bids at not less than appraised value; and, authority to establish a local revolving account in the SAT, wherein the proceeds from any sale will be used to pay for building materials, supplies and required contract services, as well as to continue the program by the purchase of additional properties and building materials, supplies and required contract services.

Background:

It is proposed that students in the second year of the Building Construction Technology Program be provided, as part of their training, the opportunity to participate in constructing a house literally from the ground up. There appears to be a strong demand for qualified residential builders in Southeast Idaho, and there is no other similar program available in the public or private sectors. Local builders and realtors have voiced support for such a training program.

The State Board of Education is vested with authority to acquire, hold and dispose of title, rights and interests in real property. (Idaho Code § 33-107(2); 33-3804(c), (7)), including when acting as trustees for Idaho State University, (Idaho Code § 33-3007(7)), and as the State Board for Vocational Education, (Idaho Code § 33-2202). The Board's own rules require prior Board approval for the acquisition of real property, (IDAPA.08-01.101.02(b)), an appraisal, (IDAPA.08.01.101.02(e)), and that the Board determine the method of sale, (IDAPA.08.01.101.02(f)). Because this proposed program will be ongoing, it being anticipated that one lot will be purchased and one house constructed each year, ISU requests that it be granted authority to purchase lots in the name of the State Board of Education, subject to Board confirmation, and that sale of completed residences be accomplished by the receipt of sealed bids with sale, and that the proceeds from such sales be placed in a revolving SAT local account to be used exclusively to pay program costs and to continue the program.

Discussion:

In addition to the "hands-on" training that this program will provide for Building Construction Technology students, it is anticipated that Electrical Technician students will benefit by participating in the electrical wiring phase of each building project and that Civil Engineering Technology students will participate in the preliminary layout of

footings, etc. Local contractors will also benefit in that certain specialized phases of the construction, e.g., plumbing and heating, will be completed by such contractors. All applicable building codes and covenants will be followed in the construction process.

Fiscal Impact:

While there will be initial costs in purchasing and constructing each residence, it is anticipated that the costs will be recovered through the sale and that the program will be able to operate on an ongoing basis without the need for additional state resources.

8.0 Other

8.1 ISU Foundation Audit FY1998

In compliance with Board Policy, a copy of the audit of the Idaho State University Foundation, Inc., for the fiscal year ended June 30, 1998, is on file at the Office of the State Board of Education. Copies of the report are available in the Office of Financial Services at Idaho State University.

8.2 ISU Bengal Foundation Audit FY1998

In compliance with Board Policy, a copy of the audit of the Idaho State University Bengal Foundation, for the fiscal year ended June 30, 1998, is on file at the Office of the State Board of Education. Copies of the report are available in the Office of Financial Services at Idaho State University.

Click here for [University of Idaho's institutional agenda](#).

FINANCE COMMITTEE AGENDA

4.0 FINANCIAL MANAGEMENT

4.8 Contracts for Services/Agreements/Authorizations

4.8.1 First Security Bank Loan

Subject:

Board approval is requested to renew a revolving loan agreement with First Security Bank which would provide the institution with a financing mechanism for the purchase of real property, equipment and other capital expenditures.

Background:

In August 1993 the institution entered into a 5-year revolving loan agreement, not to exceed \$2,000,000, with First Security Bank. The proposed agreement contains the same terms and conditions as the prior agreement with the exception of a two year term instead of five. The 1993 agreement expired in August 1998. All of the outstanding balances on the previous loan were either paid off or refinanced with a bond issue approved by the Board in March 1998.

Discussion:

This two-year revolving loan agreement provides the institution with an efficient and predictable financing mechanism. Like the 1993 agreement, it is anticipated that the loan agreement will be used primarily for the purpose of acquiring property for the college, however, it may also be used for more short-term financing of equipment and other capital expenditures as the need arises. Each purchase for which the loan agreement will be used will be subject to Board policy and approval, if necessary, at the time of purchase.

Fiscal Impact:

There is no fiscal impact of the agreement. The loan agreement is simply a pre-approved financing mechanism. All purchases for which the agreement is used will follow Board policy including approval as appropriate.

**ISDB FINANCE COMMITTEE AGENDA
ROUTINE AGENDA**

4.0 FINANCE COMMITTEE

4.9 Audits and Financial Reports

ISDB submits the attached record of the Student Activity Funds for Board review in accordance with Idaho Code 33-705. (Attachment A)

	ISDB			ATTACHMENT A
	STUDENT ACTIVITY FUNDS AS OF DECEMBER 28, 1998			
	BELOW LISTING OF STUDENT ACTIVITY FUNDS IS A REPORT SUBMITTED TO STATE BOARD OF EDUCATION IN ACCORDANCE WITH IDAHO CODE 33-705			
				CHANGE
		BALANCE	BALANCE	INCREASE
		10-26-98	12-28-98	(DECREASE)
	SALES TAX	73.08	166.26	93.18
	ATHLETICS	6,122.58	4,231.58	*(1,891.00)
	WSBC	491.90	2,291.90	*1,800.00
	ATHLETIC APPAREL	320.70	227.65	(93.05)
	CHEERLEADING	505.07	505.07	0.00
	CLASS OF 99	367.35	445.60	78.25
	CLASS OF 2000	173.85	140.21	(33.64)
	CLASS OF 2001	12.00	12.00	0.00
	CLASS OF 2002	12.00	12.00	0.00
	MAINT. BREAK ROOM	163.92	141.13	(22.79)
	COTTAGE FUND	298.07	298.07	0.00
	ELEM ACTIVITIES	61.65	61.65	0.00
	FHA ACCT	131.61	131.61	0.00
	PARENTS ADVISORY COM	168.61	168.61	0.00
	M.S. STUDENT COUNCIL	50.69	50.62	(0.07)
	H.S. STUDENT COUNCIL	385.53	385.53	0.00
	JOURNALISM	584.98	584.98	0.00
	JR NAD	294.98	294.98	0.00
	ED STAFF POP MACH	1,272.68	1,275.68	3.00
	HEALTH & WELLNESS	40.00	440.00	#400.00
	STUDENT ACT. FUND	3,734.36	3,744.22	9.86
	WORK EXP (PREV CANDY)	240.25	111.10	(129.15)
	SCHOOL PICTURES	0.00	0.00	0.00
	STUDENT BOOK STORE	6.95	2.05	(4.90)
	ACCELERATED READER	81.82	81.82	0.00
	DRAMA FUND	299.01	270.01	(29.00)
	ADVENTURERS	81.94	21.94	(60.00)
	CLASS 8-B M A BATON	11.91	11.91	0.00
	SUMMER DEAF CAMP	1,961.41	1,961.41	0.00
	VOLLEYBALL FUND	267.00	267.00	0.00
	GREENHOUSE FUND	(43.47)	(43.47)	0.00
	J. WILDING SCHOLARSHIP	200.00	200.00	0.00
	ART FUND	195.66	195.66	0.00
	TECH CLUB (VIDEO YB)	80.86	80.86	0.00
	YEARBOOKS	1,889.56	1,927.64	38.08
	LIONS WINTER CAMP	52.17	52.17	0.00
	HRG AID FUND-MOLDS	188.07	119.32	(68.75)
	HA GIFT F/HRG CM TCH	197.55	197.55	0.00
	HEARING AID REPAIRS	186.07	182.08	(3.99)
	PERS. STUDENT ACCT	1,144.47	765.34	(379.13)
	STUDENT AID	2,252.10	2,371.74	119.64
		-----	-----	-----
	TOTALS.....	24,558.94	24,385.48	(173.46)
		=====	=====	=====
#New Fund				

*Changes due to WSBC airfare paid/fees collected from students.